Rank Group

Since 1937

Interim results to 31 December 2011

www.rank.com

Agenda

Introduction

Ian Burke, chairman and chief executive

Review of financial results

Clive Jennings, finance director

Strategy and operational update

Ian Burke

Rank Group

Since 1937

Clive Jennings, finance director

Financial headlines

Six months to 31 December 2011

- Gross revenue*: £295.9m (H2 2010: £286.7m)
- EBITDA**: £53.1m (H2 2010 : £49.2m)
- Operating profit**: £34.6m (H2 2010 : £33.4m)
- Adjusted profit before tax**: £32.5m (H2 2010 : £30.1m)
- Adjusted earnings per share**: 6.1p (H2 2010 : 5.6p)
- Second interim dividend of 1.1p

12 months to 31 December 2011

- Gross revenue*: £589.9m (2010: £567.8m)
- EBITDA**: £100.9m (2010: £92.3m)
- Operating profit**: £64.1m (2010: £62.0m)
- Adjusted earnings per share**: 10.7p (2010: 10.2p)
- Operating cash flow: £97.0m (2010 : £93.1m)
- Net cash: £25.0m (£37.2m at 30 June 2011)
- Dividend per share: 2.1p

* before adjustment for free bets, promotions and customer bonuses; ** before exceptional items

Revenue & operating profit

£m	Revenue* H2 2011	Revenue* H2 2010	Operating profit** H2 2011	Operating profit** H2 2010	Revenue* 2011	Revenue* 2010	Operating profit** 2011	Operating profit** 2010
Grosvenor Casinos	125.8	122.0	20.4	18.4	249.2	238.6	40.6	36.0
Mecca Bingo	117.4	115.8	14.8	13.7	239.1	234.5	31.0	29.7
Rank Interactive	37.8	30.3	6.4	5.6	71.8	57.7	9.1	7.9
Top Rank España	14.9	18.6	0.5	3.8	29.8	37.0	0.7	6.8
Central costs			(7.5)	(8.1)			(17.3)	(18.4)
Group	295.9	286.7	34.6	33.4	589.9	567.8	64.1	62.0

* before adjustment for free bets, promotions and customer bonuses; ** before exceptional items

Grosvenor Casinos

£m	Revenue* H2 2011	Revenue* H2 2010	Operating profit** H2 2011	Operating profit** H2 2010	Revenue* 2011	Revenue* 2010	Operating profit** 2011	Operating profit** 2010
London	46.5	49.3	10.2	9.3	93.2	94.7	19.0	17.6
Provinces	71.5	64.4	11.4	8.9	139.9	127.7	22.3	17.6
Belgium	7.8	8.3	(1.2)	0.2	16.1	16.2	(0.7)	0.8
	125.8	**122.0**	**20.4**	**18.4**	**249.2**	**238.6**	**40.6**	**36.0**
KPIs								
Visits (000s)	3,059	2,790			6,011	5,414		
Spend per visit (£)	41.12	43.73			41.46	44.08		

- Like-for-like revenue for 12 months up 4.9%
- In six months;
  - 3.1% revenue growth, 10.9% operating profit growth, 9.6% customer visit growth

* before adjustment for free bets, promotions and customer bonuses; ** before exceptional items

Mecca Bingo

£m	2011 H2	2010 H2	2011	2010
Revenue*	117.4	115.8	239.1	234.5
Operating profit**	14.8	13.7	31.0	29.7
KPIs				
Visits (000s)	7,163	7,167	14,652	14,688
Spend per visit (£)	16.39	16.16	16.32	15.96

- Growth in customers driving revenue (like for like up 3.5%) and operating profit
- 1.4% growth in spend per visit from improved food and drink offer and increasing popularity of electronic gaming terminals

* before adjustment for free bets, promotions and customer bonuses; ** before exceptional items

Rank Interactive

£m	2011 H2	2010 H2	2011	2010
Bingo & games	28.9	22.2	54.8	42.0
Casino	3.2	2.7	6.2	5.7
Poker	0.6	0.8	1.3	1.8
Sportsbook	5.1	4.6	9.5	8.2
Revenue	37.8	30.3	71.8	57.7
Operating profit	6.4	**5.6**	9.**1**	**7.9**

- meccabingo.com benefiting from referrals from land-based venues
- grosvenorcasino.com site upgraded
- Mobile applications now account for 6.7% of revenue

Top Rank España

£m	2011 H2	2010 H2	2011	2010
Revenue	14.9	18.6	29.8	37.0
Operating profit*	0.5	3.8	0.7	6.8
KPIs				
Visits (000s)	1,064	1,197	2,074	2,339
Spend per visit (£)	14.00	15.54	14.37	15.82

- Effect of full smoking ban and challenging economic situation
- Cost control measures along with value promotions to increase market share

* before exceptional items, 2011 amended to reflect reallocation of costs

Operating costs

£m	H2 2011	H2 2010	Change	2011	2010	Change
Employment	93.5	95.9	(2.5)%	189.2	188.7	0.3%
Taxes & duties	47.3	44.0	7.5%	93.8	90.0	4.2%
Direct costs	27.2	25.5	6.7%	54.8	51.2	7.0%
Property costs	25.1	24.3	3.3%	49.6	47.1	5.3%
Marketing*	28.1	25.3	11.1%	56.9	51.9	9.6%
Depreciation**	18.5	15.8	17.1%	36.8	30.3	21.5%
Other	21.6	22.5	(4.0)%	44.7	46.6	(4.1)%
Total	261.3	**253.3**	3.2%	525.8	**505.8**	4.0%

- Online business investment in brands driving marketing expense
- Property costs increased following a series of rent reviews and new casinos
- Capital investment programme results in higher depreciation cost
- Rise in VAT rate increased taxes and duties

* includes the cost of free bets, promotions and customer bonuses; ** includes amortisation

Statutory profit & loss

£m	2011 H2	2010 H2	2011	2010
Adjusted profit before tax	32.5	30.1	58.8	55.2
Other	(0.7)	0.1	(0.6)	(0.7)
Profit before tax and exceptional items	31.8	30.2	58.2	54.5
Exceptional items	(12.9)	(24.1)	136.0	19.0
Profit before tax	18.9	6.1	194.2	73.5
Taxation	(4.6)	(5.8)	(44.1)	(24.6)
Discontinued operations	-	2.5	3.6	4.3
Profit for the period	**14.3**	**2.8**	**153.7**	**53.2**

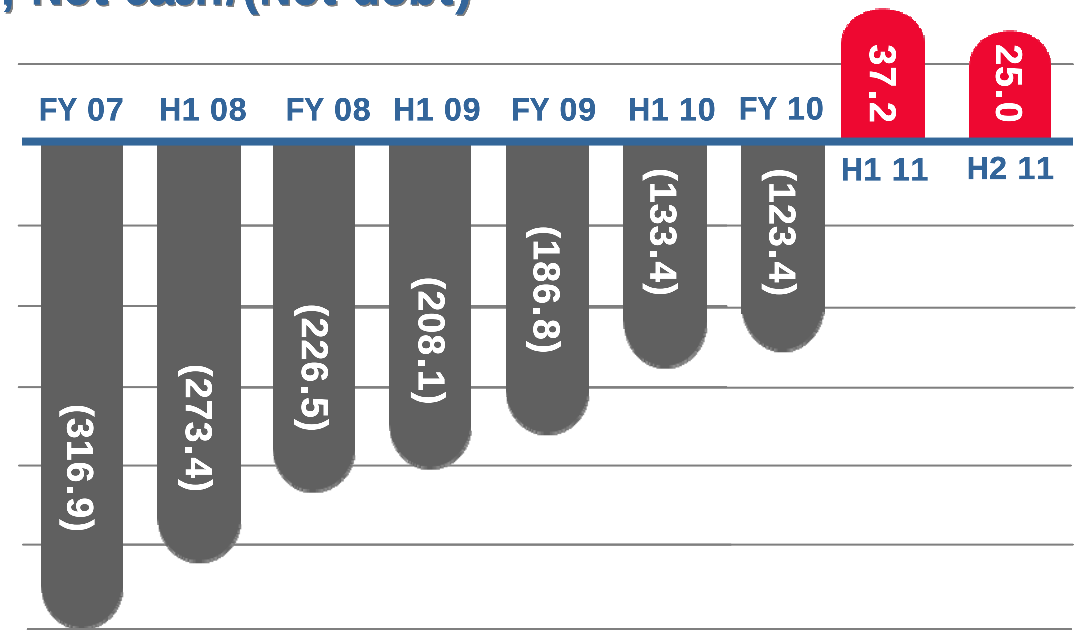
Cash flow

£m	2011	2010
Continuing operations		
Cash inflow from operations	97.0	93.1
Capital expenditure	(49.9)	(50.2)
Fixed assets disposals	0.8	0.1
Operating cash inflow	**47.9**	**43.0**
Acquisitions and disposals	(0.1)	0.8
Receipts - exceptional items and provisions	66.4	26.4
	114.2	70.2
Dividends	(10.4)	(8.1)
Net interest and tax receipts	56.8	0.7
Other*	(12.2)	0.6
Cash inflow	148.4	63.4
Opening net debt	(123.4)	**(186.8)**
Closing net cash (debt)	**25.0**	**(123.4)**

* incl. purchase of own shares, new finance leases and fx translation

Strengthened balance sheet

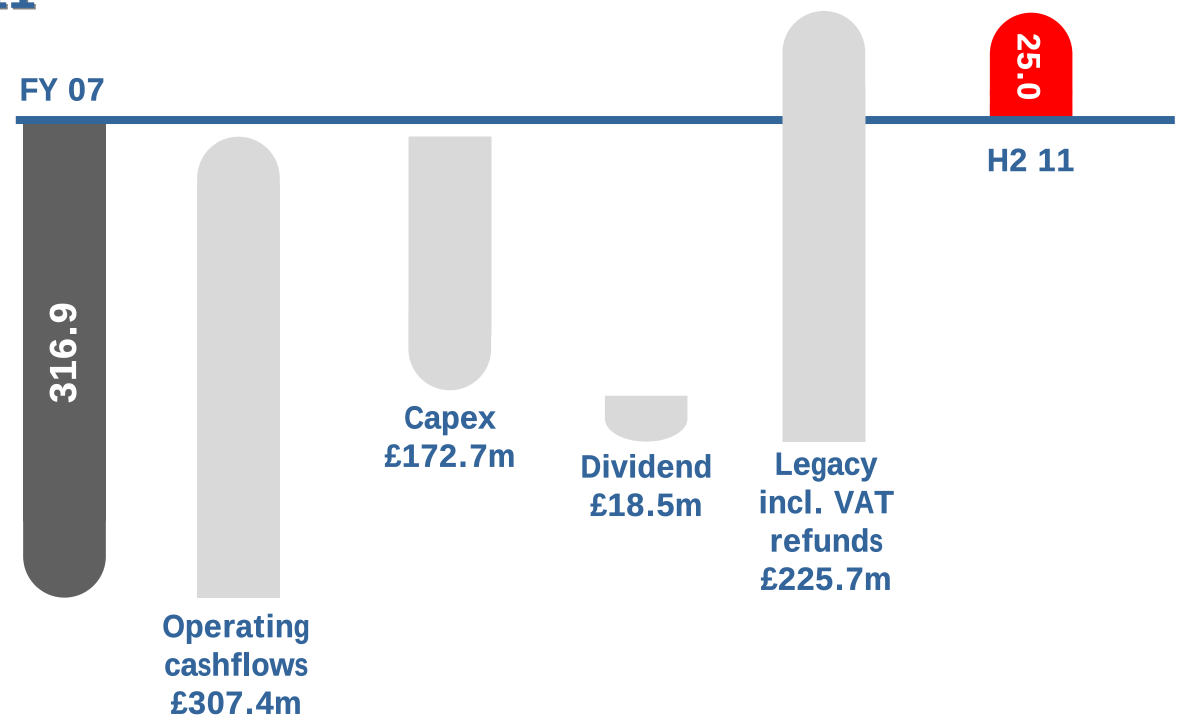
Financial position (£m)
2007-2011, Net cash/(Net debt)



- New £80m bank facilities allow substantial investment in proven capital programmes
- UK casinos expansion programme on track to double modernised casino format by 2015
- HM Revenue & Customs concede £253m bingo claim

Strengthened balance sheet

Cash inflow (£m)
2007-2011



- Cash inflow from operations (excluding VAT receipts) over the last four years has funded; capital investment programme, dividends and £116.2m of debt reduction

Capital investment to support growth

£m	2011	2010	18 months to 30 June 2012F
Grosvenor Casinos	**23.5**	19.4	**42**
Mecca Bingo	**13.4**	21.2	**21**
Rank Interactive	**6.5**	6.2	**11**
Top Rank España	**5.0**	1.9	**5**
Other	**1.5**	1.5	**2**
Total	**49.9**	**50.2**	**81**

- 74% of 2011 capital expenditure to extend reach and broaden appeal of brands
- Grosvenor expansionary capex year 2 cash-on-cash return; 21.6%
- Mecca expansionary capex year 2 cash-on-cash return; 11.8%
- Modernisation of casino estate; three new casinos and three casinos upgraded
- New finance leases of £8.7m in 2011 for amusement machines in addition to above

Financial strength

- New revolving credit facility of £80m agreed
- Target return 15%; aggregate return on expansionary capex 18.9%
- Target dividend cover of 3.0x
- Certainty on bingo VAT receipts, and imminent decision on amusement machines
- Additional VAT claims pending; at least equivalent to proceeds received

Rank Group
Since 1937

Ian Burke

www.rank.com

Group Strategy

Our goal is to increase shareholder wealth by driving sustainable growth in earnings per share

- Develop trusted gaming based entertainment brands
- Operate responsibly in regulated markets
- Engage positively with government

Our brands

Rank's long term competitive advantage arises from the development of a portfolio of trusted brands

Brand	Position	Core market
MECCA	Social, community gaming-based entertainment	Female-led Age: 25 to 55 years
Grosvenor Casinos grosvenorcasinos.com	Social and competitive gaming-based entertainment	Male-led Age: 25 to 55 years
BLUE SQ BET	Sports-led betting and gaming	Male Age: 25 to 44 years

Our brands strategy

- Who are our customers and what are their needs?
  - insight and segmentation
- How do we deliver the product, service and experience customers demand?
- Where do we deliver these experiences?
  - venues, online and mobile

Our brands – Grosvenor Casinos

34 venues in major cities in the UK

Our focus

1. Product and service improvements
2. Extending reach; capital investment
3. Extending reach; distribution

Grosvenor Casinos – extending reach, capital investment

Portfolio development 2011

- 3 G Casino Conversions
- 1 new G Casino

Portfolio development plan to 2015

- £70m investment to grow portfolio to 45 casinos
  - Grosvenor Casino brand growing awareness through new markets
- 30 G Casinos by 2015
  - Larger venues in high profile locations suitable for large provincial markets
  - Uplift to visits, income and EBITDA margin means returns exceed 15% pre-tax hurdle

Grosvenor– extending reach, distribution

Online

- Upgraded website
  - Updated branding, new games, detailed information on venues
- 10 percentage point increase to customer satisfaction

Mobile

- Website optimisation
- Interface tailored for individual mobile devices
- Widest selection of games content in the UK market

Our brands – Mecca

Mecca is one of Britain's most familiar gaming brands

•Multi-channel distribution through 98 venues, online and mobile applications

Our focus

1. Product and service improvement; cross channel community gaming, food and drink, entertainment

2. Extending reach; developing inclusive gaming venues, online and mobile

3. Extending reach; distribution

Mecca – extending reach, capital investment

Full House Destination

- Converted clubs see increases to customer satisfaction, customer visits and a fall in the average age of customers
- Review of conversion costs means that the latest Full House conversion, to be reopened in March 2012, will cost less than half of previous conversions

Full House Local

- During 2011, 14 more clubs upgraded to deliver improved food and drink and gaming product

Mecca – extending reach, distribution

Online

- Enhancements to website improve customer experience
- Increasing customer satisfaction
- New slots content, consistent with venues
- X-Factor agreement provides exclusive content

Mobile

- Real money applications compatible with iphone and android
- Cashline bingo, Mecca venues' most popular product, available for online and mobile players

Regulation and Taxation

The regulation and taxation of the gaming industry remains in flux, the results will have a profound effect on how Rank operates

Regulation

- UK government launches review of Gambling Act 2005
- Reinstatement of triennial review for UK amusement machines
- Regulation of online gaming in Spain delayed for six months

Taxation

- HM Treasury announces introduction of two tier Machine Games Duty
- UK online gaming duty, based on location of consumer, expected 2013/14
- Rank reiterates call for harmonisation of tax regime

Summary

- Strong balance sheet
- Trusted brands
- Opportunities to develop multi-channel distribution

Appendices

Grosvenor Casinos data sheet

	H2 2011	H1 2011	H2 2010	H1 2010	H2 2009	H1 2009
Casino licenses						
London	4	5	5	5	5	5
Provinces	33	32	31	30	30	28
Belgium	2	2	2	2	2	2
Total	**39**	39	38	37	37	35
Unused licences	10	10	11	12	12	13
Revenue (£m)	**125.8**	123.4	122.0	116.6	113.3	106.7
EBIT (£m)	**20.4**	20.2	18.4	17.6	16.2	14.7
Operating margin	16.2%	16.4%	15.1%	15.1%	14.0%	13.8%
Customers MAT (000s)*	1,194	1,113	1,131	1,021	918	842
Customer visits (000s)	3,059	2,952	2,790	2,624	2,555	2,270
Spend per visit (£)	41.12	41.80	43.73	44.41	44.34	47.00
Electronic gaming (UK only)						
B1 machines	707	693	671	648	648	613
B3/C/D machines	71	34	48	48	20	16
Electronic casino terminals	1015	981	969	950	933	862

* Active customers on a Moving Annual Total basis, excluding Belgium

Mecca Bingo data sheet

	H2 2011	H1 2011	H2 2010	H1 2010	H2 2009	H1 2009
Clubs	98	100	103	103	103	103
Revenue (£m)	**117.4**	121.7	115.8	118.7	116.7	116.3
EBIT (£m)	**14.8**	16.2	13.7	16.0	13.3	19.0
Operating margin	12.6%	13.3%	11.8%	13.5%	11.4%	16.3%
Customers MAT (000s)	943	924	911	895	881	912
Customer visits (000s)	7,163	7,489	7,167	7,521	7,442	7,491
Spend per visit (£)	16.39	16.32	16.16	15.78	15.68	15.53
Electronic gaming						
B3 / B4 machines*	1,114	913	997	1,036	971	1,043
C/D machines	4,451	4,335	4,542	4,572	4,508	4,552
Electronic bingo terminals	7,545	7,545	7,300	7,051	6,922	6,891

* includes B3 machines located in adult gaming centres, operated by Rank and located adjacent to Mecca Bingo clubs

Rank Interactive data sheet

	H2 2011	H1 2011	H2 2010	H1 2010	H2 2009	H1 2009
Bingo/games	**28.9**	25.9	22.2	19.8	17.9	16.4
Casino	**3.2**	3.0	2.7	3.0	2.7	2.4
Poker	**0.6**	0.7	0.8	1.0	1.2	1.7
Sportsbook	**5.1**	4.4	4.6	3.6	4.1	4.4
Revenue (£m)	**37.8**	34.0	30.3	27.4	25.9	24.9
EBIT (£m)	**6.4**	2.7	5.6	2.3	4.5	3.0
Operating margin	**16.9%**	7.9%	18.5%	8.4%	17.4%	12.0%

Top Rank España data sheet

	H2 2011	H1 2011	H2 2010	H1 2010	H2 2009	H1 2009
Clubs	11	11	11	11	11	11
Revenue (£m)	**14.9**	14.9	18.6	18.4	18.1	18.1
EBIT (£m)	**0.5**	0.2	3.8	3.0	2.9	2.7
Operating margin	3.4%	1.4%	20.4%	16.3%	16.0%	14.9%
Customers MAT(000s)	308	319	331	341	314	316
Customer visits (000s)	1,064	1,010	1,197	1,142	1,180	1,130
Spend per visit (£)	14.00	14.75	15.54	16.11	15.34	16.02

Casinos market supply (December 2011)

Operator	*Operating licenses*	*Non-operating licences*	*Total Licences*
Genting Stanley	46	9	55
Grosvenor Casinos	**37**	**10**	**47**
Gala	27	4	31
Caesar's / London Clubs	10	0	10
A&S Leisure	6	0	6
Aspers / Aspinall's*	5	1	6
Club 36	3	0	3
Clockfair	2	0	2
Guoco	1	5	6
Independents	13	9	22
Total	**150**	**38**	**188**

* Includes 1 club operating under 2005 Act license

Bingo clubs market supply (December 2011)

Operator	*Clubs**
Gala Bingo	146
Mecca Bingo	98
Top Ten Bingo	22
Carlton Clubs	14
Others	195
Total	**475**

* Company Research; excludes the conversion of adult gaming centres to bingo clubs